

– Check against delivery –

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– Part III –

Ladies and Gentlemen,

2011 was an outstanding year for the Volkswagen Group. But it also saw the continuation of a long-term success story. And with it another stage on our way towards becoming the world's best automaker.

It's not up to us to decide what the best automaker actually has to do.

That's a matter for:

- Our customers, employees, and business partners.
- Our shareholders and investors.
- Media representatives and politicians.
- And, ultimately, everybody who lives in Germany, Brazil, China, or anywhere else on our planet.

All of them – or at least the majority – should answer the question of who is the strongest, fairest and most ecological automaker in the world by saying: The Volkswagen Group. That's our long-term goal. And that is, in fact, at the heart of our Strategy 2018.

Chart “Strategy 2018”

You will recall that in 2007, we launched our master plan, which aimed to combine “good” and “large”. Our Strategy 2018 combines economic success with financial strength. Equally, our Strategy 2018 also means responsible conduct towards our customers, employees, the environment and society. That’s the basis for the radical repositioning of the Volkswagen Group in the past four years.

Today we want to look at what we have achieved so far with our Strategy 2018. At the same time, we want to look ahead. At what we must and will do in the coming years.

- First: In terms of deliveries and profitability.
- Second: In terms of employee and customer satisfaction.
- And third: With our commitment to the environment and to society.

Chart “Our Achievements So Far: Volume Growth”

Let’s start with our clear quantitative growth targets, in other words, deliveries and profitability. We are well on the way in terms of volume growth. Our goal of 10 million vehicles is within sight. Last year, we delivered around two million vehicles more than in 2007, an increase of more than 30 percent.

At the same time, our global market share grew by a healthy 2.7 percentage points.

- The Volkswagen Group is already the number one in Europe, China and South America.
- And we are steadily gaining market share in the other regions as well. In the USA, for example, the Volkswagen brand recorded its best February in 40 years, with an increase of over 42 percent.

Chart “Automobile Growth Markets”

The unbroken automotive boom is providing an additional tailwind for our growth plans.

The global market for passenger cars and light commercial vehicles could top the 100 million mark by 2018.

Our direction is therefore clear: Volkswagen will build on existing strengths and systematically exploit additional opportunities.

- That’s why every generation of our vehicles is even better than the previous one, and why we’re selectively occupying new segments and niches.
- And that’s also why we’re continuing to invest in our core markets at the same time as we’re reinforcing our presence in the growth regions.

Chart “Volkswagen Group Production Locations”

In China, we will be investing some €14 billion and opening new plants in Foshan, Yizheng and Ningbo in the period up to 2016. In the medium term, we will increase our production capacity there to around three million units. We recently started producing the ŠKODA Yeti in Nizhny Novgorod, Russia, together with the GAZ Group. In the medium term, up to 110,000 Volkswagen and ŠKODA vehicles per year could roll off the production lines there.

We are currently building a new engine plant in Mexico so that we can continue to increase local value added. And Audi is looking at establishing its own production facilities in North America. It will take a decision on this in the next few months.

We are also increasing the pace in the ASEAN region: We have already started producing the Volkswagen Passat in Malaysia, with the Polo and Jetta following soon. And the Transporter and Multivan are being built in Indonesia.

At the same time, we are investing considerable sums in our plants and locations in Europe and here in Germany as well. For example, production of the Amarok will start in Hanover in June, where it will safeguard the future of that location.

Wherever we are active, there's one thing our customers can be sure of: The tremendous diversity of our automotive world.

- With ten strong brands – from economy to luxury.
- And more than 240 different vehicle models – from the up! to 50-tonne trucks.

Chart “Growth Markets in the Small Vehicles Segment”

Despite all of this, the small vehicles segment shows that there is still “uncharted territory” for Volkswagen. Worldwide, we are anticipating growth rates of almost 50 percent for this segment. We now have our own attractive response to this demand in the shape of our cross-brand New Small Family. In the first phase, the Volkswagen up! and its siblings from ŠKODA and SEAT will attract additional customers in Europe.

We will then roll out the models to the growth regions starting in 2013.

- In Brazil, we intend to sell up to 150,000 vehicles a year in the medium term using a localized version of the up!
- And we are also currently examining market opportunities in India and China.

The New Small Family is a symbol of our tremendous strength: a close, cross-brand collaboration in which we leverage synergies in development, procurement and production in a way that is unrivalled by our competitors.

Chart “Our Achievements So Far: Profitability”

Ladies and Gentlemen,

Financial strength is the basis for healthy growth. Our return on sales before tax has risen from 6.0 percent in 2007 to 11.9 percent. Without the nonrecurring effect from the remeasurement of the put/call options mentioned before, we would be at 7.8 percent.

This means that we are already close to our target return on sales of 8 percent.

However, I'd like to add that it's not a snapshot that's important, but establishing a high return on sales on a sustainable basis. That's why at Volkswagen, our strict cost and investment discipline policy applies even when our coffers are full. In concrete terms, this means firstly that we have launched the largest investment program in the history of our Group.

In the period up to 2016, we will be investing €62.4 billion – plus €14 billion in China – in all the relevant areas that are key to the future: in new products, technologies and plants. At the same time, we are developing intelligent new instruments to help us cut costs permanently.

A good example of this is the “Materials Costs Forum”. This is where Development and Procurement work together at the very early stages of a project to search for solutions that not only meet the technical specifications, but also simplify procurement. Across the Group, this helped us save more than one billion euros last year alone – despite the increase in commodity prices.

Chart “Modular Strategy”

Our modular strategy is the lever when it comes to costs. At Audi, all vehicles from the A4 to the A8 are already based on the modular longitudinal toolkit. We are now rolling out this systematic approach across the entire Group:

- With the standard toolkit for large saloons.
- With the toolkit for the New Small Family.
- With the modular diesel and infotainment toolkits.
- And above all with the modular transverse toolkit for all of the Group's future vehicles in the Polo, Golf and Passat segments.

The new Audi A3 that we premiered in Geneva is the first model based on the modular transverse toolkit. In the future, more than 40 models will be built using the common toolkit. Of course, we need to recoup our substantial development and startup costs to start with.

In the medium to long term, however, the modular transverse toolkit will deliver substantial savings in unit costs, one-time expenses and the production of our vehicles. For example, the production time will be cut by around 30 percent. The transfer of the toolkit principle to production is the next logical step.

Our factory of the future is highly flexible, and it can produce a wide range of models and brands on the same production line. This opens up entirely new opportunities for us to ensure optimum capacity utilization at our plants across the entire Group. So, as you can see: The Volkswagen Group has laid the foundations for moving into a new dimension in terms of profitability in the long term, too.

Chart “Our Achievements So Far: Customer Satisfaction”

This brings me to the second, qualitative set of issues in our Strategy 2018: The satisfaction of our customers and our employees. Customer satisfaction is, quite simply, the be all and end all: Because in our business only satisfied customers are a guarantee of long-term success.

- Customer satisfaction has been growing continuously since 2007.
- And Volkswagen and Audi already lead the field in individual markets such as China.

This is what the core industry studies are telling us about the satisfaction of new car buyers. That's good, but not good enough. In the long run, we also want to lead the industry when it comes to customer satisfaction. In all of the relevant markets.

We're also asking our dealers to help us achieve this goal.

- Audi's "Customer Round Table" brings together dealers, sales and marketing, and development.
- Volkswagen brand dealers collaborate in "Customer First" workshops to exchange ideas for getting closer to customers.
- And our new "Customer First" bonus rewards importers and dealers whose customers are particularly satisfied.

However, good service at the showroom and in the workshop is only part of the story. What really matters are our vehicles. Here too, our toolkits are the keys to even greater customer satisfaction.

- Because they allow us to occupy niches quickly and profitably, and to align our models with specific market requirements at low cost.
- Because they allow us to roll out assistance systems and all drive types – from the TDI to hybrids or electric drives – in all vehicle classes and brands.
- And because they unlock additional flexibility to invest in new vehicles and new technologies.

For our customers, this means: Even greater diversity. Even more innovations. And offerings that are even more closely tailored to their wishes. At the same time, however, the toolkit strategy confronts us with new challenges as far as quality is concerned.

Let me be very clear: in the Volkswagen Group, growth cannot and will never come at the expense of quality.

- That's why we have totally revised our quality assurance organization and made it much faster worldwide.
- And that's why we are systematically rolling out Volkswagen's culture of perfection to all corners of the Group – among other things with our "Quality in Growth" program.

This is already paying off: We have cut the number of incidents by around one-third across the Group since 2007.

Chart "Our Achievements So Far: Top Employer"

Ladies and Gentlemen,

In 2007, we consciously set ourselves the strategic goal of making Volkswagen a top employer. There's a simple equation behind this: If you want to build the best vehicles, you need the best team in the industry – one that is highly qualified, fit and above all motivated. Our annual employee opinion survey is a key management tool for achieving this. With more than 300,000 participants last year, this is one of the most extensive employee surveys worldwide. And the results are impressive: currently, 91 percent of Group employees say that they are happy to work at Volkswagen. That is six percentage points higher than the first survey four years ago.

Our appeal as an employer for graduates and experienced top experts is also growing continuously. Volkswagen and Audi now count among the most attractive employers – in Germany, Europe and worldwide.

Chart "Workforce Growth"

It's not only the tasks, but also the capabilities and the expertise of the workforce that are growing at Volkswagen.

- Overall, we employ half a million people worldwide today – 170,000 more than in 2007.
- Even without our new colleagues at Scania, MAN and Porsche Holding Salzburg, we have created around 64,000 new jobs worldwide in the past four years. More than one-third of them in Germany.

As you can see: there's an upbeat mood among Volkswagen's workforce. And we want to keep it that way for the long term.

- That's why our employees share systematically in our Company's success.
- That's why we also offer good prospects to our agency workers wherever possible. In 2011, Volkswagen gave around 3,300 agency workers permanent jobs in Germany alone.
- And that's why we're investing in young talent like no other automotive group. This year, we will recruit 4,800 vocational trainees and, for the first time, more than 10,000 new graduates.

This is our investment in the future of the Group and of the regions where we develop, build and sell our vehicles.

Ladies and Gentlemen,

This brings me to my third point: Responsibility. For a company like Volkswagen, it's not enough to build good cars and be financially successful. That's because there's one thing that recent years have demonstrated beyond doubt: Business must act responsibly if the economy is to function properly. Our responsibility for our employees, for society and for the environment is therefore not just an element, but the core of our Strategy 2018.

We are committed to our responsibility:

- For the successful, profitable growth of our Company.
- And also for ensuring secure, good jobs.
- For training and the future of the younger generation.
- For education, science and culture.
- And, above all, for an intact environment.

Chart “Our Achievements So Far: Environment”

It is our mission to help bring about individual mobility for as many people as possible in the future as well: Mobility that is affordable, safe and environmentally responsible! We have already achieved a great deal here in the past few years. Our European new vehicle fleet already averages 137 grams CO₂/km – 27 grams less than in 2007. We launched a fundamental ecological restructuring of the Volkswagen Group in Geneva.

- We want to make Volkswagen the most ecological automaker in the world.
- We want to offer the most efficient and most environmentally friendly models in each segment and each vehicle class we are active in.
- And we are proactively committed to the 120 gram goal. In other words: We will reduce the CO₂ emissions of our European new vehicle fleet by 30 percent between 2006 and 2015.

This is not an empty promise – it’s a firm commitment.

- That’s why we are making each new vehicle generation an average of 10 to 15 percent more efficient.
- That’s why we are rolling out our efficiency technologies – such as start-stop systems and recuperation – as standard in all new models.
- That’s also why we’re making 2013 the year of e-mobility – with the e-up! – followed by many more hybrid and electric vehicles from our Group brands.
- And that’s why we’re investing €600 million in developing renewable energy sources and making production at our plants 25 percent more environmentally friendly by 2018.

This ambitious environmental program is being supported by a very powerful effort. Both technical and financial. Well over two-thirds of our entire investment program in the period up to 2016 will be spent directly and indirectly on environmental protection: On increasingly efficient vehicles, drives and technologies, and on environmentally compatible production. This is our commitment to sustainable, good corporate growth. And to a healthy balance between economics and ecology.

Ladies and Gentlemen,

I can sum up our achievements so far as follows: Our Strategy 2018 is working!

- In our deliveries and profitability.
- For our satisfied customers and employees.
- And in the ecological restructuring of our Group.

Nevertheless, we are also aware that we haven't reached our goal yet, and that there is still plenty of work in front of us. It's like a game of soccer: The second half is always that bit more challenging, that bit tougher. Especially because we've decided to step up the pace another notch. 2012 will certainly be a very demanding year for us. The risks are growing. In particular, the debt crisis in Europe will continue to weigh on the markets.

But I'm still convinced that the Volkswagen Group can approach the coming months with confidence.

Chart "Audi A3"

Above all, because this year, we will again be launching more than 40 additional new models, successors and product enhancements across the Group. These include such compelling vehicles as the new A3. This model is and will continue to be the benchmark in the premium compact segment. The new edition of the Golf, our most important vehicle, will also be launched this fall. And I can already tell you today that the new Golf will be a quantum leap!

Chart “Deliveries to Customers by Brand January-February 2012”

Our current sales figures underscore the fact that we’re not easing up. We recorded a sparkling start to the year:

- In January and February, we delivered around 1.3 million vehicles worldwide – more than ever before.
- And at 7.7 percent, we again grew faster than the market.

Despite all the economic uncertainties, we remain cautiously optimistic for the coming months as well.

- We will sell more vehicles in 2012 than in the previous year.
- We will grow sales revenue.
- And our goal for operating profit is to repeat the high level we achieved in 2011.

The foundations for this are the most attractive range of models in the automotive industry and our Group’s strong position worldwide. Above all, however, we have our sights firmly set on our long-term goal: We want to and will make the Volkswagen Group a beacon for the automotive industry.

- Financially successful.
- Ecologically sustainable.
- And socially responsible.

Many thanks for your attention!